


#4363
OK


TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 1, 2013

TO: Internal File

THRU: Steve Christensen, Lead 

FROM: James Owen, Engineer 

RE: Midterm Permit Review, Consolidation Coal Company, Emery Deep Mine Mine, C/015/0015, Task ID #4363

SUMMARY:

According to the R645 Utah Coal Rules, the Division is required to review each active permit during its term. The Division commenced a midterm review for the Emery Deep Mine (Permitee) on May 31, 2013

As a part of this process, the Division performed a review of the Permitee's compliance with the engineering (R645-301-500) and bonding (R645-301-800) sections of the Utah Coal Mining Rules. In particular, the Division reviewed the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current year dollars. The following deficiencies were identified:

R645-301.525.440, Please provide updated subsidence monitoring data, based on field inspection, that includes all information required in Chapter V, Page 37 of the approved MRP.

R645-301.830.140. Please provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2013 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources. The bonding summary sheet and corresponding bond calculation sheets (located in Chapter IV of the MRP, beginning after page 11) need to be updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

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TECHNICAL ANALYSIS:

OPERATION PLAN

SUBSIDENCE CONTROL PLAN

Regulatory Reference: 30 CFR 784.20, 817.121, 817.122; R645-301-521, -301-525, -301-724.

Analysis:

During the review of the 2012 annual report for the Emery Deep Mine, it was determined that the operator failed to comply with the subsidence monitoring requirements listed in the approved MRP, Chapter V page 37. This section of the MRP was amended in November of 2011 and indicates that the operator will supply the listed subsidence information (including maps and photographs) annually with the report.

Findings:

Contents and information provided are not sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules. The following deficiencies were identified:

R645-301.525.440, Please provide updated subsidence monitoring data, based on field inspection, that includes all information required in Chapter V, Page 37 of the approved MRP.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

According to Division a record, the Permittee currently has a surety bond posted totaling an amount of \$3,510,000. The principal holder is Travelers Casualty and Surety Company.

Determination of Bond Amount

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The reclamation cost estimate which is approved and incorporated into the current Emery Deep mining and reclamation plan has not been updated to current unit costs. Current unit costs are used to calculate the direct costs of reclamation including demolition, backfilling and grading, and revegetation. Updates should be provided using the 2013 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources. The bonding summary sheet and corresponding bond calculation sheets (located in Chapter IV of the MRP, beginning after page 11) need to be updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

Findings:

R645-301.830.140, Please provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2013 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources. The bonding summary sheet and corresponding bond calculation sheets (located in Chapter IV of the MRP, beginning after page 11) need to be updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

RECOMMENDATIONS:

Initial midterm review is complete, deficiencies were identified. Approval is not recommended.